

Message Text

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PAGE 01 SEOUL 00573 210841Z

ACTION PM-04

INFO OCT-01 EA-07 ISO-00 CIAE-00 INR-07 NSAE-00 NSC-05

SP-02 SS-15 L-03 H-01 IGA-02 OMB-01 EB-07 TRSE-00

MC-02 ACDA-07 /064 W

-----210854Z 124773 /14

R 210721Z JAN 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1659

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EO 11652: N/A

TAGS: MARR KS US

SUBJ: REVISED USFK PROCUREMENT PROCEDURES FOR KOREA

1. MEETING OF SOFA COMMERCE SUBCOMMITTEE CONVENED ON JANUARY 17 TO BRIEF KOREAN MEMBERS REGARDING NEW PROCUREMENT PROCEDURES TO BE INITIATED BY USFK.

2. PRINCIPLE BRIEFER WAS MR. VALCRIS O. EWELL, JR., ASSOCIATE DIRECTOR, PROCUREMENT MANAGEMENT REVIEW DIVISION, DIRECTORATE FOR REQUIREMENTS AND PRODUCTION, U.S. ARMY MATERIAL DEVELOPMENT AND READINESS COMMAND. EWELL CITED PAST EVIDENCE OF COLLUSIVE BIDDING AND PRICE FIXING AND THE RESULTANT CONCERN OVER SUCH PRACTICES BY THE ADMINISTRATION, CONGRESS AND THE U.S. MEDIA. IN RESPONSE TO THIS CONCERN A DECISION HAD BEEN MADE AT THE HIGHEST LEVELS OF THE DEPT OF THE ARMY TO REPLACE THE FORMER SYSTEM OF COMPETITIVE BIDDING WITH ONE OF CONTROLLED, SINGLE SELECTED SOURCE PROCUREMENT. THE NEW SYSTEM WOULD CONSIST OF A SELECTION BOARD OF SENIOR U.S. OFFICIALS INVOLVED IN PROCUREMENT WHO WOULD SELECT ON A NON-COMPETITIVE BASIS A KOREAN COMPANY WITH A DEMONSTRATED ABILITY TO PERFORM. SUBSEQUENT TO THE SELECTION, DETAILED CONTRACTURAL NEGOTIATIONS WOULD BE ENTERED INTO TO DETERMINE A FAIR PRICE FOR THOSE GOODS/SERVICES TO BE ACQUIRED. UNDER LIMITED OFFICIAL USE

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THE NEW SYSTEM, ONE COMPANY WOULD NOT HAVE A MONOPOLY ON PARTICULAR GOODS/SERVICES TO BE ACQUIRED, BUT THE SELECTION PROCESS FOR FUTURE ORDERS WOULD BE PLACED WITH OTHER FIRMS. THUS, AN EQUITABLE DISTRIBUTION OF CONTRACT AWARDS WOULD BE EFFECTED.

4. MR. NOH CHIN SHEK, DIRECTOR, BUREAU OF INTERNATIONAL TRADE

PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY, SUBCOMMITTEE
CHAIRMAN AND SPOKESMAN STATED THAT KOREANS IN AGREEMENT IN
PRINCIPLE WITH NEW PROCEDURE AS OUTLINED BY EWELL, BUT
REQUESTED ROK SIDE BE GIVEN MINIMUM OF THIRTY DAYS TO STUDY
DETAILS OF PROPOSALS AND THEIR POSSIBLE EFFECTS. MEETING
ADJOURNED WITH BOTH SIDES IN AGREEMENT TO MEET AT FUTURE
DATE TO BE SELECTED IN CONSULTATION WITH BOTH SIDES.

5. KOREANS APPEAR RECEPTIVE BUT ARE RESERVING JUDGMENT TO CHANGES
AS OUTLINED BY EWELL WHICH WILL ABOLISH OPEN BIDDING SYSTEM THAT
HAS NOT WORKED WELL AND WE HOPE THAT SOME OF THE PAST DIFFICULTIES
WILL BE ALLEVIATED BY THE NEW SYSTEMS CLOSER ADHERENCE TO
KOREAN PRACTICES. BUT KOREAN GOVERNMENT WILL NOT DOUBT
RETAIN STRONG VOICE IN DETERMINING WHICH COMPANIES ABLE
TO PARTICIPATE IN USFK PROCUREMENT, WHATEVER METHODS
ADOPTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, POLICIES, PROPOSALS (BID)
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SEOUL00573
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770022-0839
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770129/aaaaazft.tel
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Litigation Code IDs:
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Litigation History:
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Office: ACTION PM
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Feb-2005 12:00:00 am
Review Event:
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3534624
Secure: OPEN
Status: NATIVE
Subject: REVISED USFK PROCUREMENT PROCUEDURES FOR KOREA
TAGS: MARR, BPRO, KS, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4ad3b7d2-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009